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UNCLAS SECTION 01 OF 02 TEGUCIGALPA 003428

SIPDIS

STATE FOR WHA/CEN

E.O. 12958: N/A

TAGS: [KOMC](#) [ETTC](#) [KCRM](#) [US](#) [HO](#)

SUBJECT: PROPOSED MUNITIONS EXPORT APPLICATIONS #865798 AND #865799

REF: A. TEGUCIGALPA 988

[B](#). SECSTATE 113261

[1](#)1. SUMMARY: Omni Engineering Company, Inc. has applied for two (2) licenses to import arms and ammunition to Honduras. Application #865798 is a proposed sale of revolvers, pistols and rifles to La Armeria (the Honduran distributor/end user) valued at \$312,500. Application #865799 is a proposed sale of 3,050,000 rounds of ammunition to La Armeria valued at \$346,500. After careful consideration, Post recommends that neither sale be allowed to go forward. This recommendation is supported by a variety of factors, including the inordinately high rate of violent crime, the lack of any meaningful arms control or regulation by the government, and because La Armeria continues to do business without firm purchase orders or sales contracts (in violation of guidance provided in Ref B). END SUMMARY.

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APPLICATION #865798--800 GUNS  
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[1](#)2. In its application #865798, Omni Engineering Company, Inc. (Omni) has applied to import 800 revolvers, pistols and rifles. Omni states that it intends to sell the arms to La Armeria--the Honduran distributor/end user for retail sale to the general public. Specifically, Omni seeks to import 400 .38/.357 caliber revolvers, 150 .32 caliber pistols, 50 .25 caliber pistols and 200 .22 caliber rifles. The value of the proposed sale is \$312,500.

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APPLICATION #865799--3,050,000 ROUNDS OF AMMUNITION  
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[1](#)3. Omni has applied to import 3,050,000 rounds of ammunition, including 2,000,000 rounds .22 caliber, 100,000 rounds .30 caliber, 100,000 rounds .40 caliber, 300,000 rounds 9mm, 50,000 rounds .223 (5.56) caliber, 400,000 rounds .357 caliber and 100,000 rounds .380 caliber. In its application, Omni proposes to sell the ammunition, valued at \$346,500, to La Armeria.

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RATIONALE FOR DENIAL OF APPLICATIONS #865798 AND #856799  
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THE PROBLEM OF NO CONTRACT OR PURCHASE ORDER  
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[1](#)4. The primary problem that exists for Omni (as well as for other U.S. arms exporters) is that La Armeria has not yet rectified its problematic procedures for doing business. There is no actual contract for sale or firm purchase order for these items. It is the standard operating procedure of La Armeria (the purported initial purchaser) not/repeat not to enter into firm contract of sale, but rather routinely makes projections of arms and munitions that it might or might not need and might or might not purchase.

[1](#)5. Post's investigations have indicated that La Armeria routinely obtains "quotes" or "bids" from more than one arms manufacturer for exactly the same arms. Thereafter, they might or might not purchase the arms from one or more of the companies that gave them quotes. These two applications appear to be two more of those cases where La Armeria has provided the potential seller (here, Omni) with mere projections, and that no contracts for sale exist.

[1](#)6. Post understands that relevant regulations provide that, in order to obtain a license from the Department of State, the U.S. firm or individual seeking an export license must have a firm purchase order or sales contract from the buyer. Moreover, letters of intent, invoices unconfirmed statements of purchase projections of likely purchases are not sufficient to meet the requirements for issuance of such a license. Via Ref B, The Department of State clarified this issue for Post, after Post sought guidance with respect to this La Armeria dilemma in Ref A.

A SOLUTION IN THE OFFING?  
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17. La Armeria is aware of the problem. In addition to having been advised by Post, officials from Remington Arms traveled to Honduras in October to visit with officials at La Armeria in an attempt to rectify the problem. Additionally, on October 2, PolOffs met with the Remington officials in order to provide them with any information that might help solve the dilemma. At this meeting, PolOffs were advised by the Remington representatives that the La Armeria officials had promised them that they would immediately begin issuing specific, firm contracts for sale and/or purchase orders. To date, La Armeria has not instituted the necessary changes.

18. Post remains hopeful that La Armeria will soon correct the problem. On December 19, PolOffs were approached by Colonel Carlos Humberto Ramos, Commander of the Honduran Air Force (who is the President of the Board of La Armeria), who expressed concern and dismay regarding the problems faced by U.S. arms exporters. PolOffs explained the issue to Colonel Ramos, and he indicated that there should be not problem correcting the problem within La Armeria. PolOffs and Colonel Ramos agreed to schedule a meeting in early January to reach a definitive solution once and for all.

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IN THE MEANTIME...  
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19. Until La Armeria succeeds in changing its internal methods in a manner that complies with Department of State requirements, the importation of arms and ammunition from U.S. manufacturers will continue to be problematic and in violation of current guidance. In the meantime, Post once again recommends that the pending Omni applications be denied for the reasons stated herein.  
Palmer